CARS 2020
Economic situation of the automotive industry in the EU

Brussels, 20 September 2013
Analysis: Macroeconomic situation in the EU

- The macro economic situation in Europe has not changed and the rebound from the crisis is lengthy

- Consequence - weak the demand across the industrial sectors

- Lately, end of sovereign credit-rating downgrades made the industrial production raise.
Analysis: Macroeconomic situation in the EU

- *From 2013, a gradual return to growth is expected:*
  - **GDP** is projected to increase by 0.1% in the EU
  - however **contract** by 0.5% in the **Eurozone** (*IHS forecasts*)
Car sales in the European markets

W_EU Light Vehicle Sales Seasonality

Source: IHS
Car sales in the European markets

• **Total sales of passenger cars in the first eight months – 5.2% in comparison to 2012.**

• **Demand for new cars is at its lowest in the past two decades.**

• **Forecasts for 2013 are not optimistic** (decline of 4%-5% i.e. 12.48 million units) and

• **the market will shrink a sixth consecutive year**
Decrease in sales of vans and trucks

- **New commercial vehicles** registration continue their downward trend.

- During the **first semester** of the year, **832,093 new commercial vehicles** were registered in the EU, **-6.9%** less than the same period last year.

- **Bleak economic outlook** weakens the sales of **heavy duty vehicles** – **decline 11.3% in the first semester** compared to 2012.
Production in the EU follows the falling trend

- **First seven months of 2013** the **total car production** was **9,885,000 units**, representing a **decrease** of **4.2%** (in WE) for the same period last year.

- **The forecasts for 2013** are more optimistic with a **decline of 2.6%** (instead of 5%) is foreseen.

- and the production should reach its **pre-crisis levels** already **in 2017**.
Overcapacity

- The problem of overcapacity is remaining

- More than half of Europe's 160 car plants (mostly in Western Europe) operated below 70 % of total capacity (in Q1 2013).

- Some OEMs shift production to their underused factories.
### Overcapacity - production and capacity utilisation up date

<table>
<thead>
<tr>
<th>Company</th>
<th>Production (forecast) 2013</th>
<th>Reported straight time capacity utilisation</th>
<th>Production with &quot;sustainable&quot; 75% utilisation</th>
<th>Production gap in comparison to &quot;sustainable&quot; utilisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>VW</td>
<td>4,431,975</td>
<td>77%</td>
<td>4,309,583</td>
<td>+122,392</td>
</tr>
<tr>
<td>Renault-Nissan</td>
<td>2,337,318</td>
<td>69%</td>
<td>2,552,029</td>
<td>-214,711</td>
</tr>
<tr>
<td>PSA</td>
<td>1,671,302</td>
<td>64%</td>
<td>1,972,426</td>
<td>-301,124</td>
</tr>
<tr>
<td>Ford</td>
<td>1,361,391</td>
<td>67%</td>
<td>1,516,927</td>
<td>-155,536</td>
</tr>
<tr>
<td>Daimler</td>
<td>1,403,548</td>
<td>78%</td>
<td>1,349,738</td>
<td>+53,810</td>
</tr>
<tr>
<td>GM</td>
<td>1,135,692</td>
<td>57%</td>
<td>1,500,915</td>
<td>-365,223</td>
</tr>
<tr>
<td>BMW</td>
<td>1,221,433</td>
<td>84%</td>
<td>1,094,343</td>
<td>+127,090</td>
</tr>
<tr>
<td>Fiat</td>
<td>1,049,718</td>
<td>50%</td>
<td>1,566,120</td>
<td>-516,402</td>
</tr>
<tr>
<td>Hyundai-Kia</td>
<td>809,434</td>
<td>87%</td>
<td>697,467</td>
<td>+111,967</td>
</tr>
<tr>
<td>Toyota</td>
<td>670,209</td>
<td>63%</td>
<td>800,154</td>
<td>-129,945</td>
</tr>
<tr>
<td>JLR</td>
<td>419,366</td>
<td>93%</td>
<td>337,509</td>
<td>+81,857</td>
</tr>
<tr>
<td>Honda</td>
<td>148,737</td>
<td>46%</td>
<td>243,725</td>
<td>-94,988</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>16,240,757</strong></td>
<td></td>
<td></td>
<td>-1,280,812</td>
</tr>
</tbody>
</table>

*Source: IHS*
Employment in the automotive sector

• **Recovery after sharp decline** between 2008 and 2010 due to an introduction of the flexible work schemes

Source: Eurostat
Employment in the automotive sector

Job loss gain in large scale restructurings, selected EU countries, 2003-13
Restructuring and impact on employment

- Further plant closures are planned to take place by the end of 2014 as part of the *restructuring plans*.

- Reduction of workforce by the car manufacturers are followed by *cuts in the employment across the entire supply chain*.

- **Task force Ford Genk** has been launched to help the smooth restructuring process and to reduce the social impact the restructuring will have on the employees.
International markets – source of growth and profits

Source: IHS
International markets – source of growth and profits

- Growth in the international markets especially in BRIC countries

Source: IHS
Export softens the consequences of the falling demand in Europe but cannot fully substitute the decreasing volumes.
International markets – source of growth and profits

- Trade balance in motor vehicles growing over last years reaching €108 billion in 2012
Thank you!